



CAMPAÑA GRUESA 2016-2017

1er CONGRESO DE PERSPECTIVAS AGRÍCOLAS DE LA BOLSA DE CEREALES
3ra CONFERENCIA INTERNACIONAL SOBRE PROYECCIONES
AGROINDUSTRIALES DE LA FUNDACIÓN INAI



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OECD-FAO Agricultural Outlook 2016-2025: implications for Latin America

Stephan Hubertus Gay, OECD



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OECD-FAO Agricultural Outlook

- Joint OECD-FAO report published annually in June/July
- 10 year horizon
- Model based projection validated through global expert consensus
- Major commodities
- Global coverage
- Special theme chapter 2016: Prospects and challenges in Sub-Saharan African Agriculture

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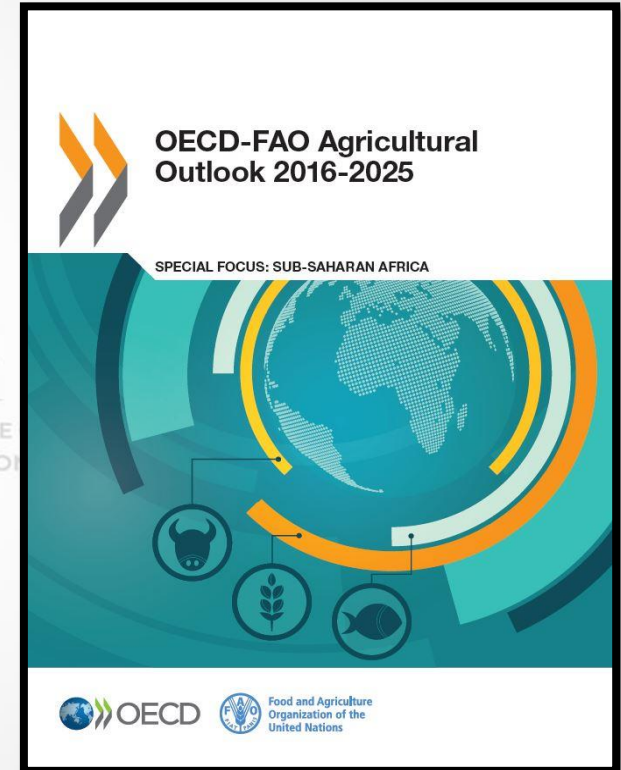
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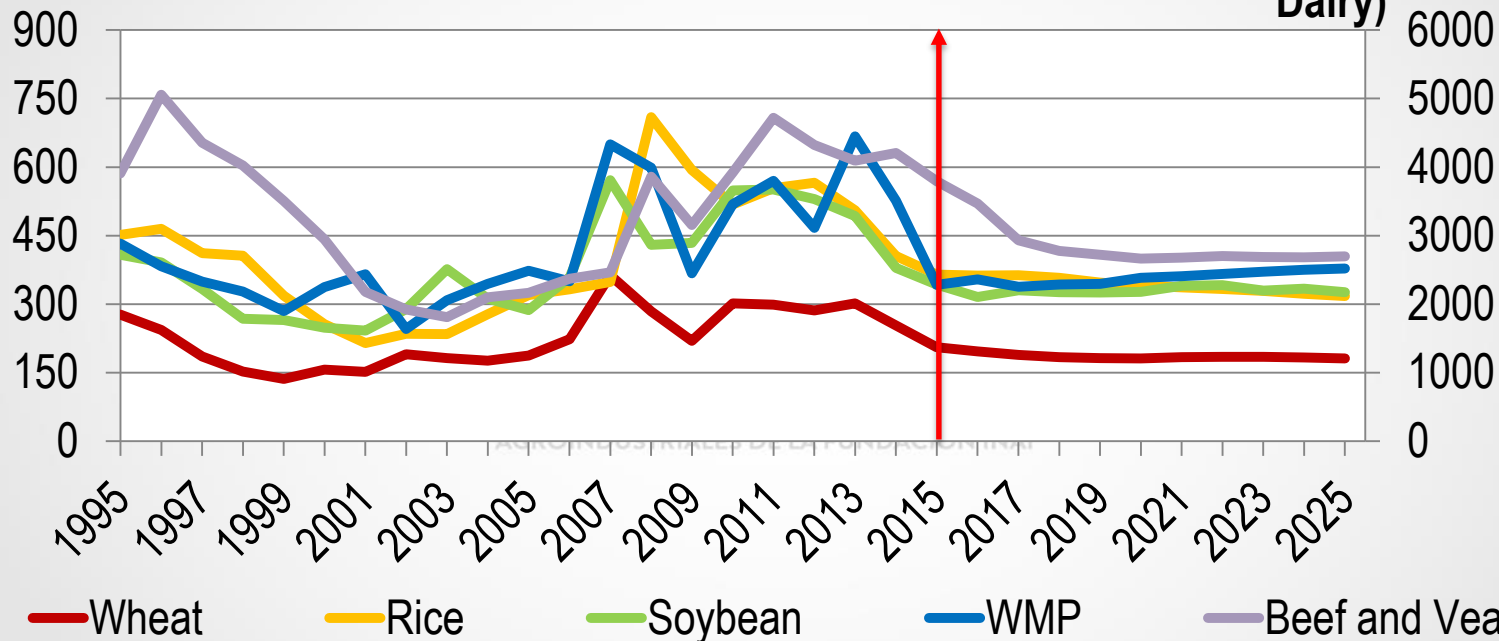
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Market fundamentals point to flat real prices

USD/T (Crops)

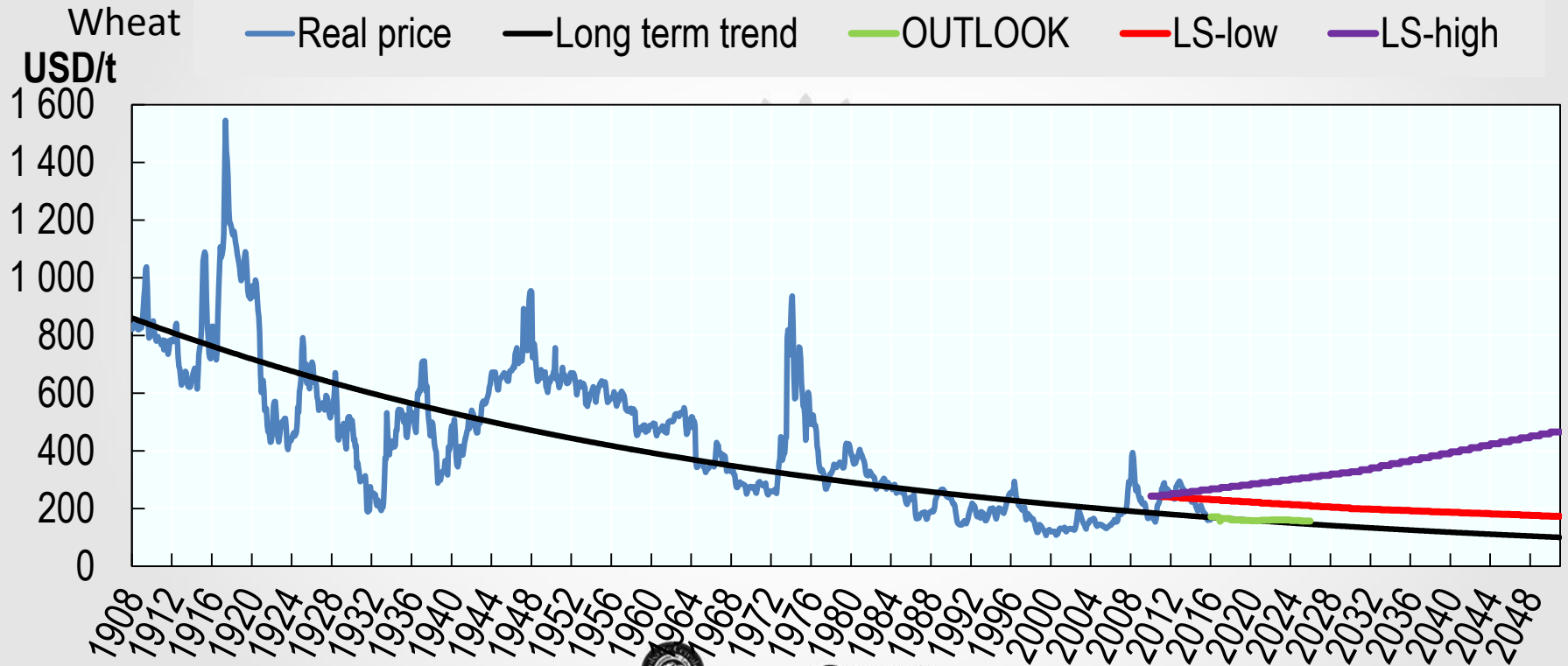
USD/T (Meat & Dairy)



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Whether this is a “new normal” depends on the historical perspective



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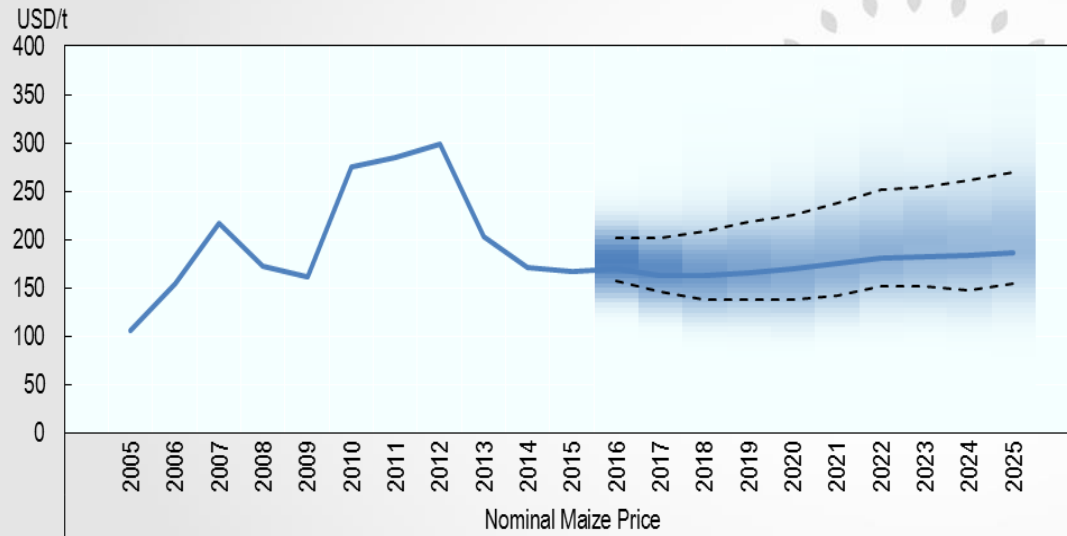
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BETTER POLICIES FOR BETTER LIVES

There is a substantial risk of a major price swing in the next ten years

80% probability range for maize price



- Volatility from oil prices, economic growth, exchange rates and yield variations
- Climate change will add to them
- Policy-induced uncertainty not included but will compound volatility
- A crisis more likely when the wrong *policies* compound volatility



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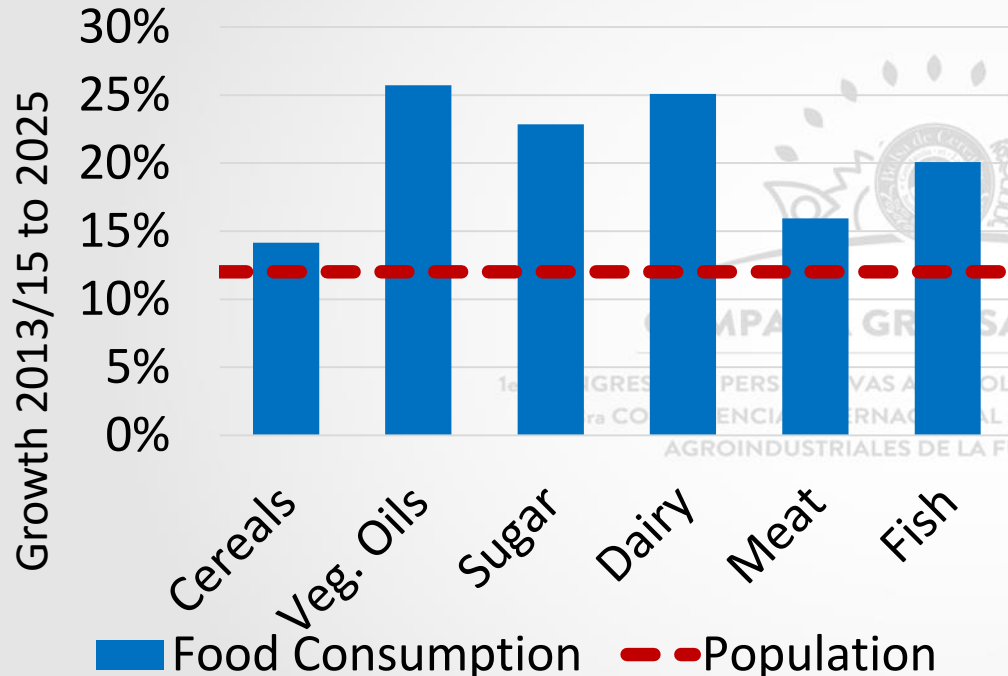


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Why price volatility might increase

- Climate change
- New production areas have less reliable agronomic conditions
- Biofuel support and mandates
- Declining demand elasticities

Projected consumption trends across major food groups



- Strong demand growth for meat, fish and dairy products
- Food consumption of cereals stagnates
- Shift toward livestock products induces additional need for feed crops, particularly coarse grains and protein meals
- Strong increase in sugar and vegetable oil consumption

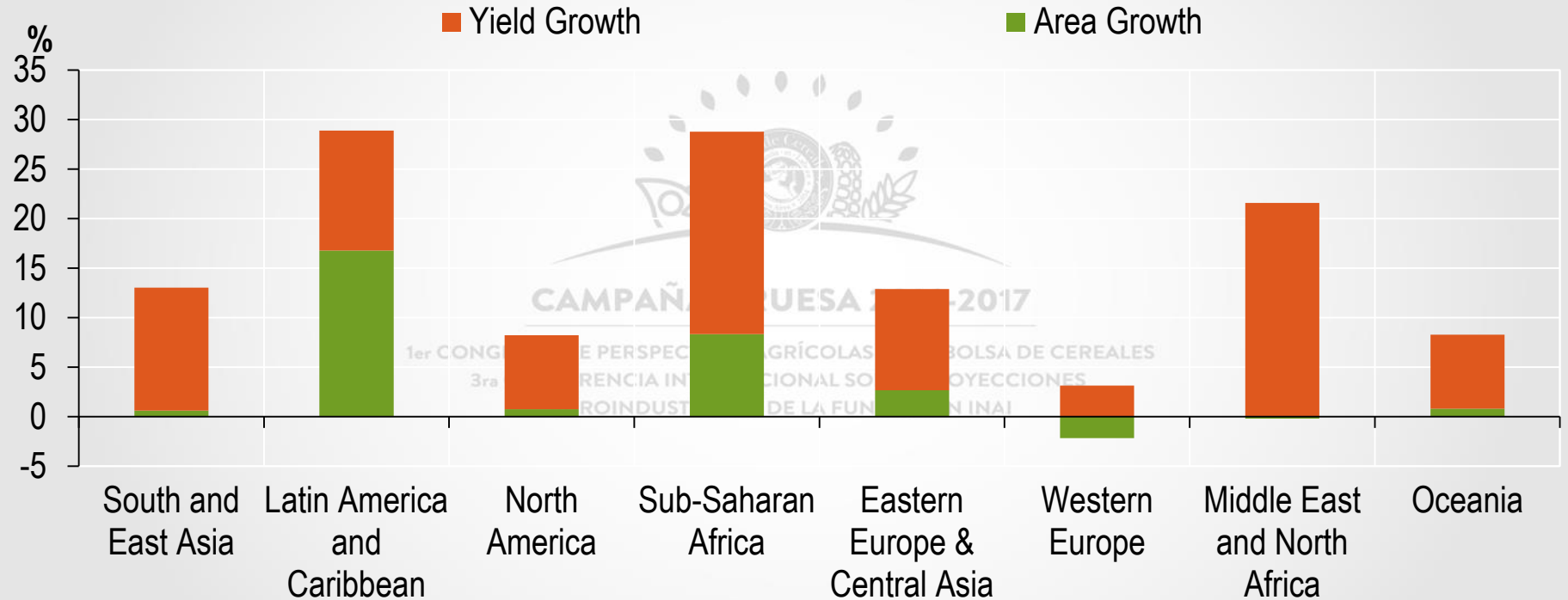


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Production growth through intensification and efficiency gains, but regional differences



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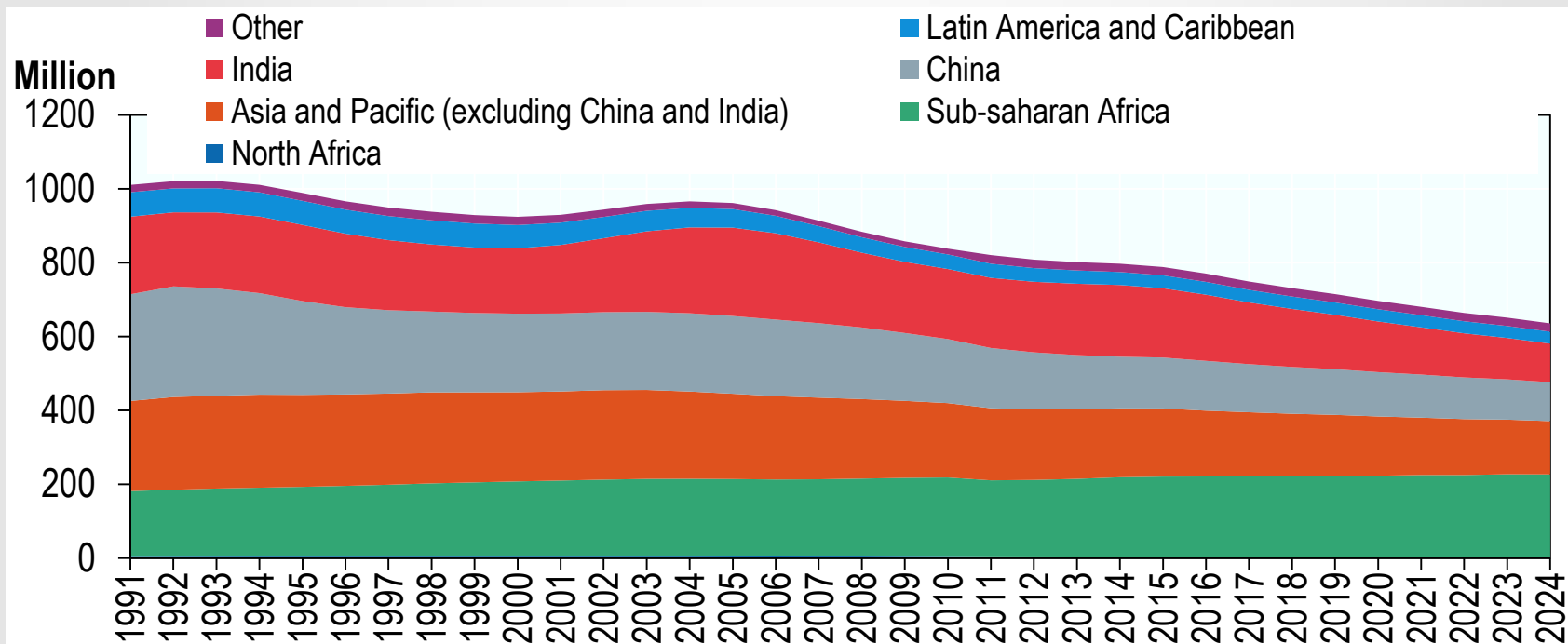
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Change in arable production between 2013-15 and 2025, weighted by acreage; regions are sorted by overall arable acreage

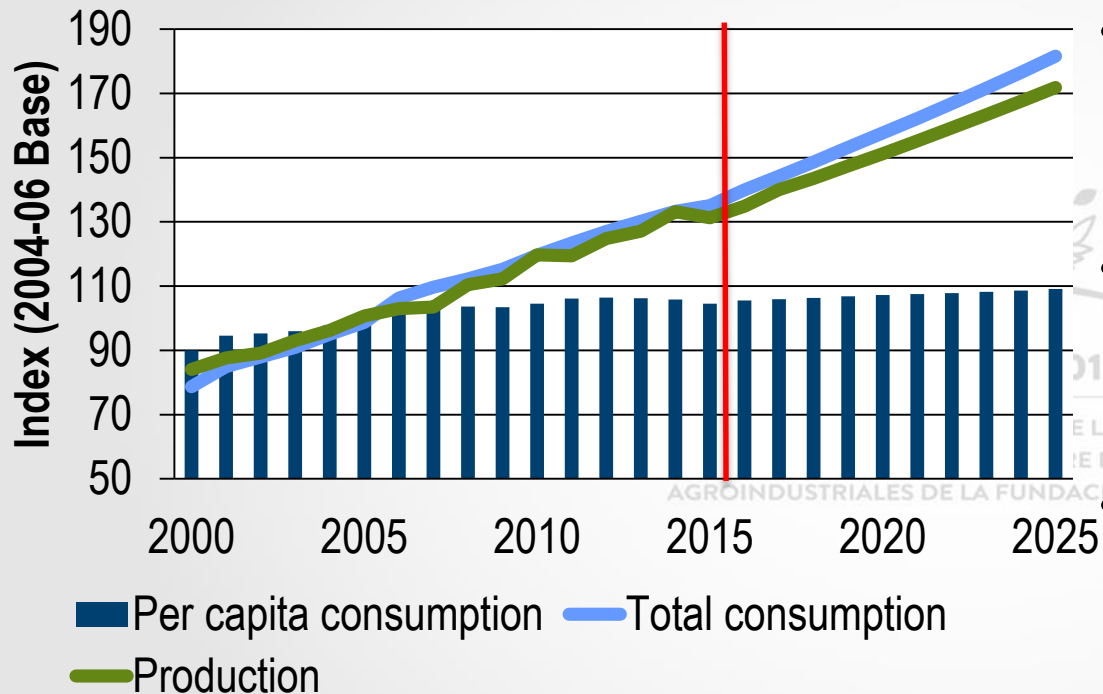
Implications for undernourishment

- Global prevalence of undernourishment falls from 11% to 8% over the next ten years
- Undernourishment in Latin America dips below 5%; in Asia and the Pacific it falls from 12% to 8%; while in Sub-Saharan Africa it declines from 23% to 19%
- Sub-Saharan Africa accounts for a growing share of the total undernourished
- Faster income growth and improved agricultural productivity growth will accelerate these reductions, but the key is improved access among the poor

Undernourishment to decrease but not in Sub-Saharan Africa, SDG2 not met

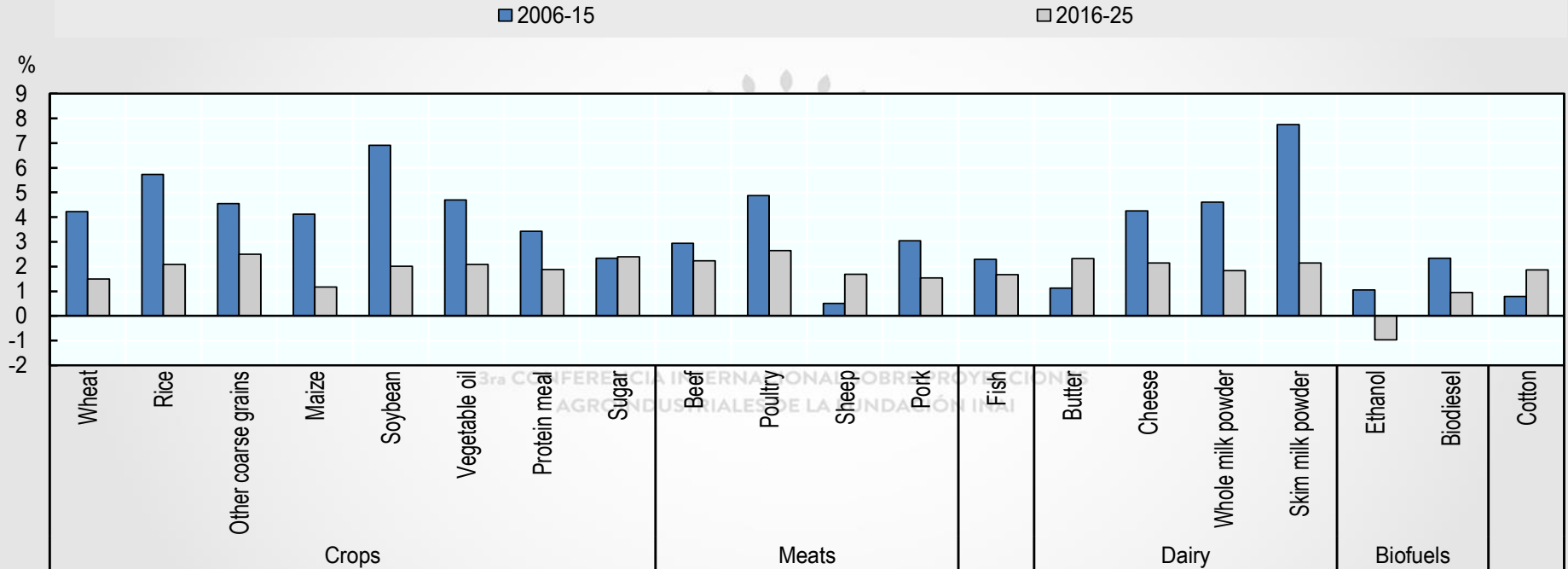


Sub-Saharan Africa: Outlook to 2025



- Total agricultural production is projected to expand by 2.6% p.a., an increasing share will come from improved productivity
- Growth in food demand of more than 3% p.a. expected, driven by population growth, leaving per capita gains modest
- Need for imports is especially high for vegetable oils (50%), poultry meat (36%) and sugar (23%), all with an increasing trend

With slowing production and consumption growth, trade will grow more slowly



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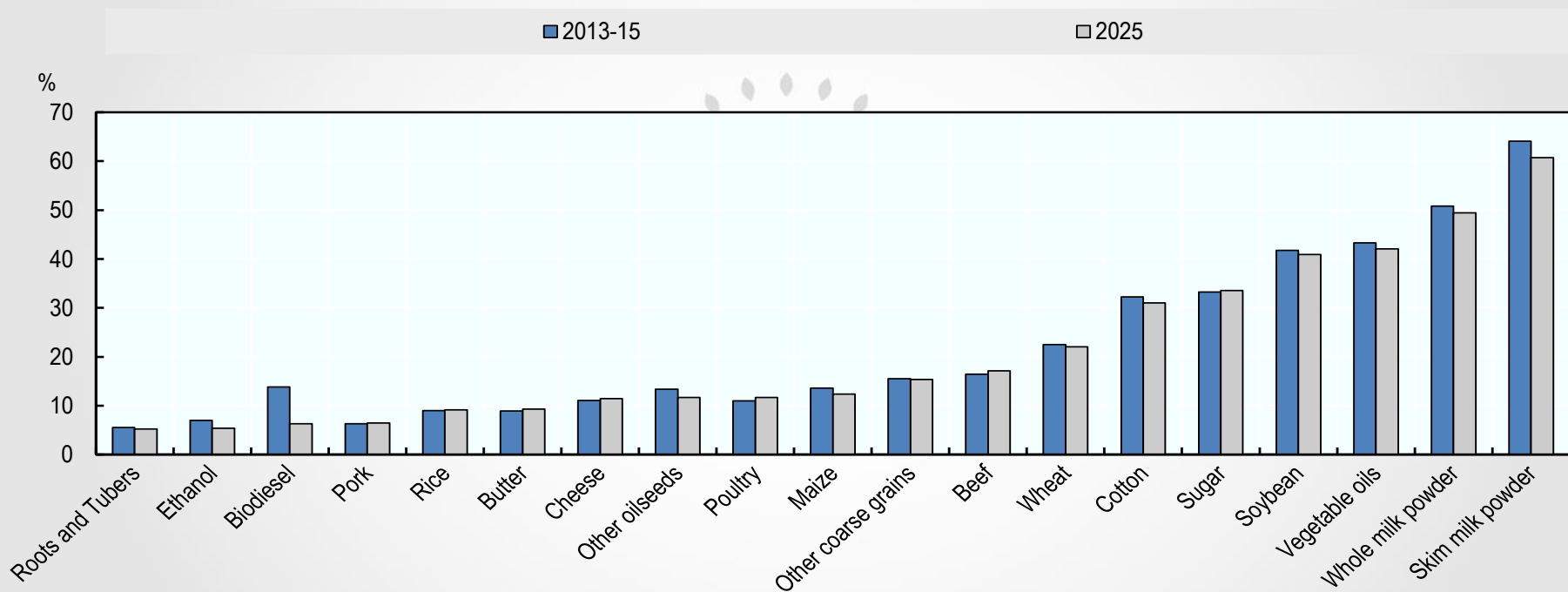


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But trade intensity not projected to change much



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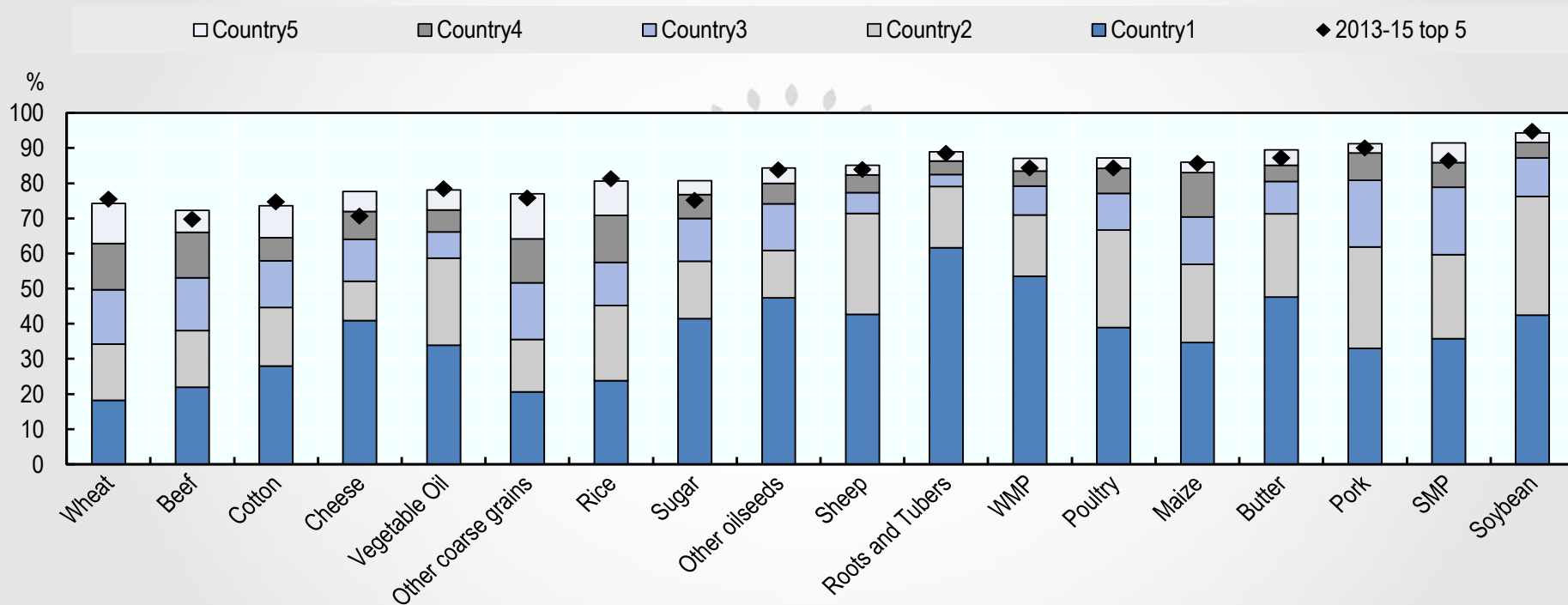
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World exports to remain highly concentrated

Shares of top five countries in global exports in 2025

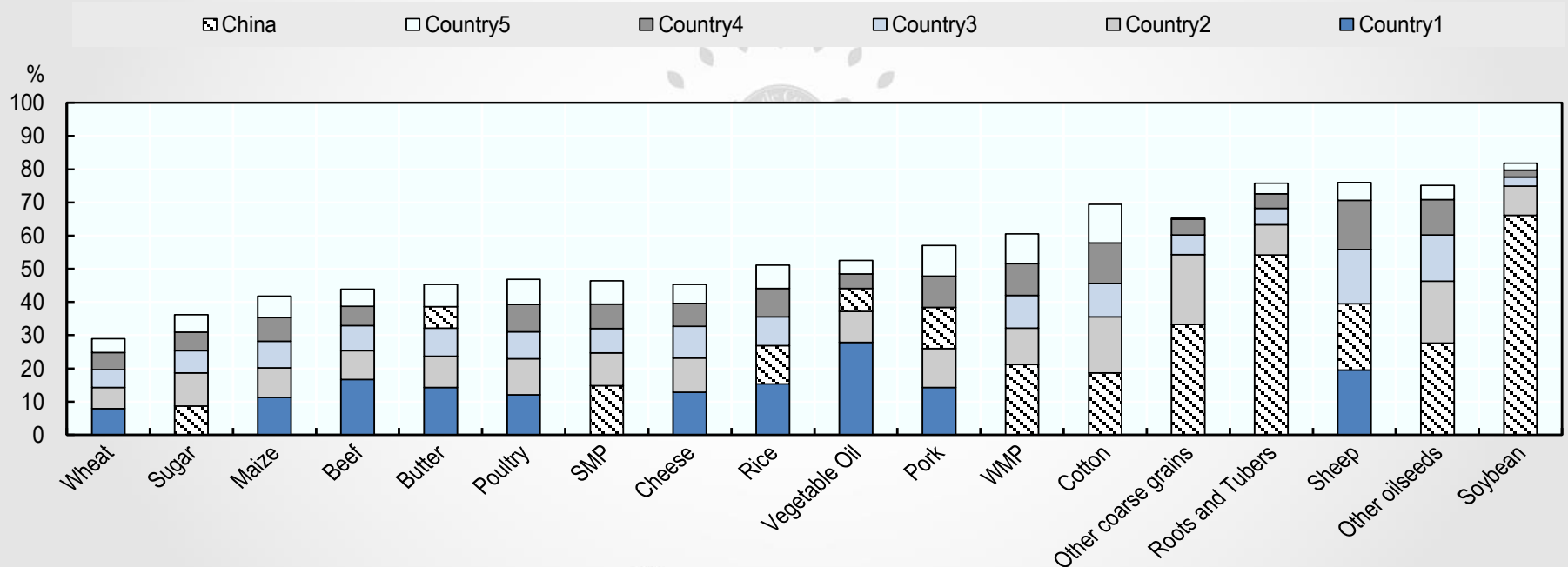


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Imports in 2025 more dispersed... but China matters!

Shares of top five importers in world imports in 2025

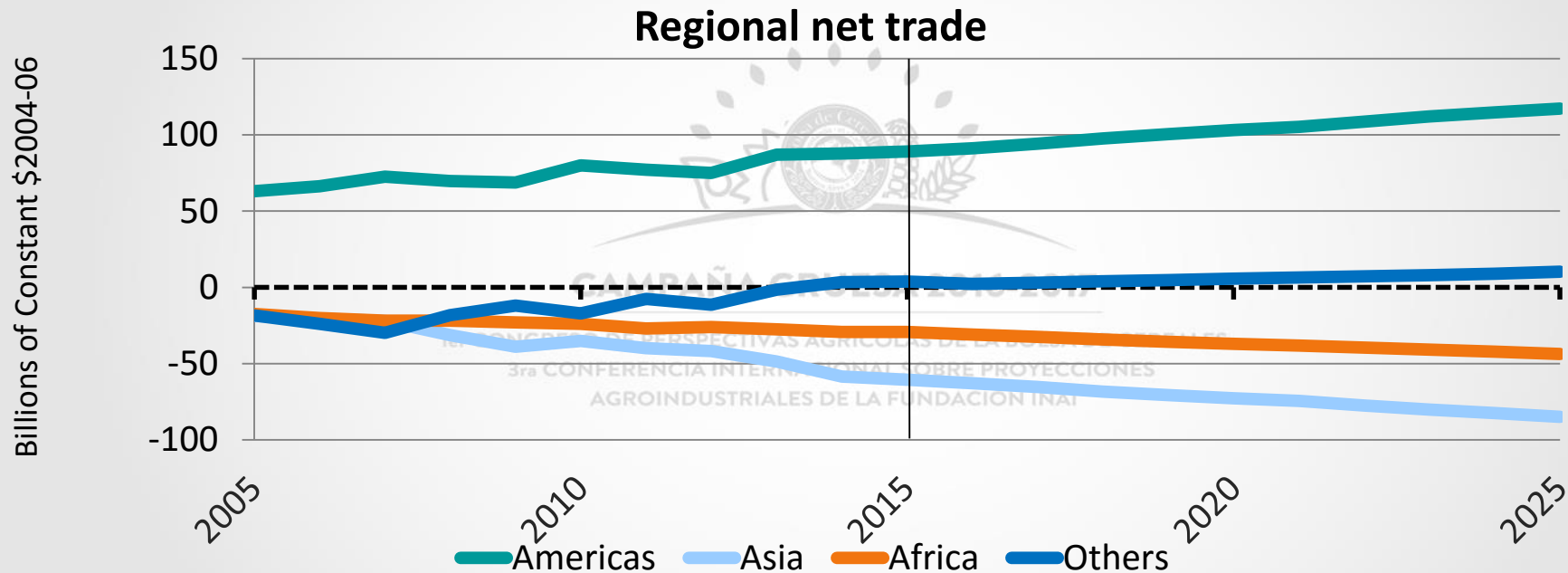


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Rising exports from Latin America

Increasing imports into Africa and Asia



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Note: Agriculture and fisheries products included in the Outlook

Highlights of the OECD-FAO Outlook 2016-2025

- Real food prices expected to decline slightly, but remain above levels before 2007-08 food price crisis.
- Changing relative prices:
 - Consumption of staples reaching saturation in many countries
 - Meat and dairy prices increase relative to crops – higher incomes and animal-protein demand
 - Coarse grain and oilseed prices increase relative to food staples – feed demand
- Calmer markets but a risk of resurgent volatility
- Spread of imports across a large number of countries; concentration of exports among a few key suppliers



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Conclusions

- Outlook maps out a “status quo” baseline.
- Outlook confirms that we must do better to meet SDG2 by 2030
- Policy reforms can help agriculture meet national objectives
 - Focus on sustainable productivity growth
 - Managing risks
- Those same reforms will contribute to greater food availability and improved global food security

We invite you to visit our website
www.agri-outlook.org

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